

# **DESIGNING WATER & SEWERAGE OPERATING CONTRACTS: TEMPLATES FOR COUNTRY TEAMS**

This set of templates is used to organize the design process. Record your team's ideas on relevant topics in the templates. The forms prepared for each design session are intended to guide you through some of the major questions that need to be answered in designing an effective contract strategy. All topics and questions do not need to be completed; please complete the ones that are important for your specific operating contract design.

## **Design Session 1: Target Locations and Objectives**

## **Design Session 2: Key Design Problems and Challenges**

## **Design Session 3: Operator Compensation, Performance Targets, and Incentives**

## **Design Session 4: Basis for Tendering and Award**



## **Design Session 1: Target Locations and Objectives**

During this session you will define the service area(s) for which you plan to design an operating contract and the key performance objectives that you wish to achieve. Some questions are provided to guide you through this exercise; however, please feel free to provide any additional information that you believe is important to provide a clear picture of the current conditions and issues in the target locations.

### **1.1 DEFINITION OF SERVICE AREA:**

Where will you use an operating contract?

Nagpur City in central India with 3 million people

**a. Name/location of service area:**

**City Water Supply System**

**b. Description of customer service base (number of residential/commercial/industrial):**

**200000 connections with 150000 residential and 50000 non-residential**

**c. Current coverage (% or number of connections):**

**80%**

**d. Description of current institutional arrangements of the water utility:**

Who owns the assets?

**Nagpur Municipal Corporation**

Who currently manages the assets?

**Nagpur Municipal Corporation**

Who is responsible for business management (billings, accounting, customer service, etc.)?

**Nagpur Municipal Corporation**

If there is an independent regulatory body, please identify:

**Independent Regulator is being set up by the State Government**

**e. Additional information:**

**The City has adequate water resources and water supply infrastructure. But due to system losses, and inequitable distribution system, water supply is rationed and with low cost recovery**

## **1.2 SUMMARY OF KEY PROBLEMS TO BE SOLVED:**

What key problems do you want to solve? Please describe the extent of the problem, e.g., current % of nonrevenue water. Examples of problems that you may wish to address are provided:

- **Coverage – 80%**
- **High non revenue water - >50%**
- **Intermittent service – 1 hour to 10hours daily**
- **Low billings and collections – 50% billing and 70% collection efficiency**
- **High degree of customer complaints – due to inequitable distribution**
- **High operating ratio (total expenses/total revenues) - > 2**
- **Low percentage of connections, etc.**

## **1.3 STATEMENT OF PERFORMANCE OBJECTIVES:**

Based on the current situation in the target service area and key problems that you want to solve, list your highest priority objectives (please provide no more than six objectives). At this point, you do not need to establish quantitative objectives. Instead, the objectives should be broad statements of the most important accomplishments to be achieved through operating contracts, for example:

- **To achieve full recovery of operation and maintenance costs**
- **To make significant improvements in performance of physical assets**
- **To increase the number of service connections**
- **To improve the quality of service to existing customers**
- **To improve management efficiency in commercial and financial skills**
- **To improve human resources**
- **To mobilize additional capital for infrastructure improvement**
-

## **SUMMARY OF COUNTRY TEAM PRODUCTS FROM DESIGN SESSION 1**

1. Definition of service area:
  - Location/Name
  - Key Characteristics (customer service base, current coverage, institutional arrangements, etc.)
2. Key problems to be solved
3. Statements of performance objectives

## Design Session 2: Key Design Problems and Challenges

During this session you will identify key obstacles and risks that may complicate or impede the contracting process. You will also develop a framework to reduce these risks by including special provisions in the contract and by allocating the risks among the contracting parties to those that are most able to bear them.

### 2.1 SPECIAL ISSUES TO BE ADDRESSED IN THE DESIGN

#### a. Tariffs:

What are the current tariff levels and structure?

**Residential 1**                      **USD \$ 0.1 per KL**

**Residential 2**                      **USD \$ 0.3 per KL**

**Non Residential**                      **USD \$ 0.5 per KL**

*Telescopic Tariff Structure underway and approved by General Body of the Municipal Corporation*

Are tariffs too low to cover operating costs? Are they too low to provide incentives to serve the poor?

**Present tariffs are too low**

**Cost to serve**                      **USD \$ 0.25 per KL**

**Average tariff**                      **USD \$ 0.15per KL**



Do you have any specific tariff-setting objectives?

**Committed to full cost recovery by the year 2013**

Can you adjust tariff levels to cost-recovery levels?

**YES**

Can you eliminate or reduce cross-subsidies?

**Cross subsidies are necessary and Corporation is committed to subsidise life line tariffs to poor**

Can you raise tariffs to the poor to levels that are attractive to service providers?

**YES**

**b. Investment needs:**

Does the system require a large amount of investment?

**YES**

What kinds of investments are needed (e.g., bulk water supply, treatment facilities, network expansion, etc.)?

**Rehabilitation and upgradation of distribution system to remove inequities in supply and also reduce losses**

**c. Labor issues:**

Do workers have unreasonably low wages now?

**YES**

Can workers be legally assigned to work with the contractor?

**Requires policy approval by the General Body**

Is it legally possible to provide bonuses to employees?

**YES**

Are employees likely to oppose the contract?

**NO – Implementing a pilot project covering 15000 connections to win over employees support**

**d. Corruption:**

Is corruption a major problem? If so, what kind of corruption?

**NO??**

**e. Very bad service:**

Are service levels unusually bad at the present time?

**Service levels are relatively better when compared to many cities in India; however, the city is committed to deliver improved services of 24x7 and financial sustainable water supply**

What features of service are considered to be very bad?

- **Distribution inequity**
- **Supply rationing**
- **Frequent supply interruptions**
- **Low cost recovery**
- **Lack of sound asset management practice**
- **No measurement**

**f. Stakeholder mapping**

Do all stakeholders (government, donors, and other support agencies) buy into the contractualisation process?

**YES – Obtained clearance as part of the City Development Plan from National Government, State Government and Municipal General Body approved the proposal**

Does the contractualisation process fit into the overall sector-wide reform strategy?

**YES – part of vision for the city as per the City Development Plan**

How does the contractualisation process promote effective sector governance (anti-corruption and integrity programs, community outreach, communication and fraud prevention)?

**The objective is to improve accountability through contractual regulation for ensuring good corporate governance**

**g. Please list any additional special issues that you believe may pose serious obstacles or risks to implementing operating contracts:**

- **Timely investment**
- **Continued political will – elections are scheduled within an year**
- **Contract management capability of NMC Staff**
- **Judicial interventions by courts – public interest regulation**
- **Change of policy by state**
-

## 2.2 UPSTREAM POLICY NEEDS

Is there any need to revise laws or policies as preconditions for the operating contract? These could include:

- Water legislation
- Sanitation/environmental legislation
- Corporate/contract law
- Regulatory framework
- Licensing framework

**NMC is a local self government who is owner of the assets and is fully empowered under constitutional amendment to manage all service delivery requirements. The only policy or legislative change is to integrate with the new state level water resource regulator being set up by the state government.**

## **2.3 STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND THREATS (SWOT) ANALYSIS**

The matrix on the following page provides an organizing tool with which to identify strengths, weaknesses, opportunities, and threats and re-allocate risks among the contracting parties as needed. An example from an actual operating contract application (provided by Uganda NWSC) is provided as a guide.

## SWOT ANALYSIS (see next page for example)

<b>FUNCTION</b>	<b>STRENGTHS</b>	<b>WEAKNESSES</b>	<b>OPPORTUNITIES</b>	<b>THREATS</b>
Service to Customer	Availability of water Good Network coverage	Frequent interruptions Non-uniformity in supply	Strengthening distribution	Age of assets
Distribution management	Adequate storage	High losses Illegal connections No measurement	Measurement and control Reducing losses Pressure management	Political interference Staff commitment
Commercial Services	System of collection	Billing – low meters defunct Low focus on customer service	Efficient billing Measurement by quality meters Response to customers	Meter inspectors/reader union
Cost	Collection	Low tariffs	Progressive cost	High



<b>FUNCTION</b>	<b>STRENGTHS</b>	<b>WEAKNESSES</b>	<b>OPPORTUNITIES</b>	<b>THREATS</b>
recovery	efficiency ~70% Committed to full cost recovery in 7 years	Willingness to Charge	recovery Tariffs linked to consumption	commercial losses Continued political will
Service to poor	Pro-poor policy approved Poor willing to pay	Willingness to charge Staff commitment to servicing the poor	Improved services to the poor Recovery through lifeline tariffs Cross subsidy	Illegal connections Public stand posts
Maintenance	Breakdown maintenance outsourced to service contractors Network strengthening	No preventive maintenance No performance based contracting Short term contracts Frequent	Institute good asset management practices Extending life of assets Good housekeeping	Investment availability Water quality threats Other utilities

FUNCTION	STRENGTHS	WEAKNESSES	OPPORTUNITIES	THREATS
	already initiated	interruptions		

<b>FUNCTION</b>	<b>STRENGTHS</b>	<b>WEAKNESSES</b>	<b>OPPORTUNITIES</b>	<b>THREATS</b>

## Example of SWOT Analysis – Uganda National Water and Sewerage Corporation, Jinja Service Area

Function/Business aspect	Strengths	Weaknesses	Opportunities	Threats
<b>Distribution</b>	<ul style="list-style-type: none"> <li>✘ Some old, weak mains have been replaced.</li> <li>✘ Monopoly of services delivery.</li> <li>✘ Comprehensive network coverage.</li> <li>✘ Competent and well-equipped workforce.</li> <li>✘ Available basic equipment and personnel.</li> <li>✘ Basic record of network available.</li> <li>✘ 100% metering.</li> </ul>	<ul style="list-style-type: none"> <li>✘ Old, weak mains prone to bursts.</li> <li>✘ Inadequate auxiliary structures; i.e. washouts.</li> <li>✘ Hydraulic constraints.</li> <li>✘ Disparity between field and reports made.</li> <li>✘ Poor meter management.</li> </ul>	<ul style="list-style-type: none"> <li>✘ Unsaturated distribution coverage.</li> <li>✘ Monopoly of service delivery.</li> <li>✘ Availability of cheaper local alternative materials.</li> <li>✘ Communication facilities.</li> <li>✘ Goodwill from the public for mains extensions.</li> <li>✘ Flexible budget.</li> <li>✘ Local participation in infrastructural development.</li> <li>✘ Political will to support development.</li> <li>✘ Protection by local communities.</li> </ul>	<ul style="list-style-type: none"> <li>✘ Vandalism of service network.</li> <li>✘ Technical impersonation.</li> <li>✘ High cost of repair materials.</li> </ul>
<b>Water losses</b>	<ul style="list-style-type: none"> <li>✘ Good response time.</li> <li>✘ Many old mains are replaced.</li> <li>✘ Replacement of key old, weak mains is already planned.</li> <li>✘ District metering already done in most places.</li> </ul>	<ul style="list-style-type: none"> <li>✘ Lack of intensive patrol of the network for leaks and bursts.</li> <li>✘ Lack of accurate documentation of the network.</li> <li>✘ Partial district metering.</li> </ul>	<ul style="list-style-type: none"> <li>✘ Commitment of top management.</li> <li>✘ Public goodwill / concern.</li> </ul>	<ul style="list-style-type: none"> <li>✘ Vandalism of the infrastructure.</li> <li>✘ Illegal water consumption.</li> </ul>
<b>Maintenance</b>	<ul style="list-style-type: none"> <li>✘ Adequate stock of basic maintenance equipment.</li> <li>✘ PPM is put in place and followed.</li> <li>✘ Adequate transport for maintenance work.</li> <li>✘ Ability to locate all services network.</li> </ul>	<ul style="list-style-type: none"> <li>✘ Lack of mechanical equipment.</li> <li>✘ Inadequate skills in maintenance field work.</li> <li>✘ Use of rudimentary repair methods.</li> <li>✘ Archaic technology in mains maintenance</li> </ul>	<ul style="list-style-type: none"> <li>✘ Local labour readily available.</li> <li>✘ Commitment of top management.</li> <li>✘ Commitment of customers.</li> </ul>	<ul style="list-style-type: none"> <li>✘ Inadequate of coordination in infrastructural development.</li> </ul>

## **SUMMARY OF COUNTRY TEAM PRODUCTS FROM DESIGN SESSION 2**

1. List of special issues that need to be addressed
2. List of upstream policy needs
3. SWOT matrix
4. Determination of the most appropriate form of contract (management contract, lease or affermage, or concession)

### **Factors for choice of option**

- **Availability of grant funds from National Urban Renewal Program**
- **Tariffs linked to inflation**
- **Reasonably good water and information availability**
- **Low contract management capability**
- **Absence of good regulatory regime**

**Considering the SWOT analysis and above factors a Concession is not suitable for the City and hence the choice is between a Lease or Management Contract**

**As the prime objective of the contract is to ensure improved services and full cost recovery it is ideal to transfer income and asset risk to the contractual agency. As such a Lease contract for long period is preferred and proposed. Also considering the size of city and the number of connections, two contracts are recommended**

## **Design Session 3: Operator Compensation, Performance Targets, and Incentives**

During this session you will identify performance targets and the associated incentives and compensation provisions for meeting and exceeding the targets.

### **3.1 SERVICE GOALS, TARIFFS, AND INVESTMENT FUNDING**

#### **a. Access:**

What is the starting and ending level of coverage that is required?

**80% to 100%**

Where will the capital come from to increase coverage?

**50% from National Government, 20% from State Government and 30% to be mobilized by the contractor**

What types of connections will be provided?

Metered house service connections to general public in uncovered areas, non-meter private water

connection to Urban poor in slums with an area meter, all other metered non-residential connections

**b. Water Supply Performance Targets:**

*(Please prepare your results in the table provided at the end of Section 3.1)*

What are the current water supply quality levels and what are the target levels you wish to achieve, in light of your performance objectives?

**For each target:** What are the practical issues that stand in the way of achieving the quality targets?

Will any of the targets require large amounts of investment? How will you weight each of the targets for purpose of bonus computation?

Following are illustrative examples of targets that you might want to consider:

- Hours of service per day
- Pressure levels
- Service coverage
- Nonrevenue water
- Environmental standards exceedances, etc.

In formulating performance targets, please consider the following:



- How many performance indicators should be put in the contract?
- Which performance measures are non-volatile and therefore provide stable bases for incentives?
- Is there a good record of historical performance with which to form a fair basis for target negotiations?
- Which performance areas are closer to best practice?
- Which performance targets might be most affected by exogenous factors?)

**c. Wastewater:**

Please provide similar information for wastewater collection and treatment targets, if applicable, in the same format as for the previous question.

**d. Availability of Funds Required for Achieving Targets:**

What investment funds are available?

Will an investment fund be established?

Where will the capital for wastewater facilities come from?

What subsidy funds are available?

**Performance Targets for First Three Years of Contract  
(Water and wastewater performance targets)**

Type of Target	Relative Weight (%)	Year 1 Target	Year 2 Target	Year 3 Target	Investment Required (Scale of 0 to 3)	Critical Issues
	100%					



## **3.2 TARIFF ADJUSTMENT, EXTRAORDINARY ADJUSTMENTS, AND RISK ALLOCATION**

### **a. How are tariffs going to be adjusted?**

What is the tariff setting method?

- **Annual costs are worked out, tariffs proposed and Commissioner sends the proposal to standing committees and General Body**
- **On approval by General Body, gazette notification is issued for calling for objections from customers**
- **After hearing objections and effecting corrections, confirmation of State Government is sought.**
- **On confirmation, the tariffs would come into force.**

Will there be cost pass through rules?

- **Full cost recovery is an accepted commitment for getting grant funding from National and State Governments**

Will there be tariff indexation formulas?

- **Annual tariff revision up to 10% increase can be ordered by Commissioner**
- **Above 10% increase would be by General Body**

- **Tariff automatically indexed to power tariff and raw water charges increases**

**b. What happens if extraordinary adjustments are needed?**

- **Policy approval from General Body would be sought**

**c. How are key risks allocated?**

Financial risks, for example:

- **Operating cost risk:** The risk that operating costs are higher than expected
- **Commercial performance risk:** The risk that billing and collections will be lower than expected
- **Bulk water:** The risk that the volume or price of bulk treated water is not as expected
- **Capital funding:** The risk that capital funding is not available when expected, or that the interest rate is higher than expected, or that the amount is less than expected
- **Foreign exchange:** The risks that exchange rates fluctuate in ways that cannot be anticipated.

- Other risks, as identified during SWOT analysis:

Risk	Responsibility	Mitigation
Operating Risk	Operator	If cost increases due to extraordinary reasons, an expert committee would examine and permit
Commercial performance risk	Operator	
Bulk water	NMC	Availability is ensured other than natural calamity and bulk water charges are pass through
Capital funding	70% to NMC 30% to Operator	If shortage of funds by NMC – performance targets are rebased If shortage by Operator treated as default and leads to liquidated damages
Foreign	Operator	Minimise foreign

Exchange		exchange requirements and contract payment totally in Indian Rupees as the tariffs are in Rupees
Political risk	NMC	Delays in decision making would lead to suitable adjustment of performance deliverables
Staff commitment	NMC	<ul style="list-style-type: none"> <li>▪ Initial preparation of staff through good communication tools</li> <li>▪ Redeployment is feasible</li> </ul>



### **3.3 MANAGEMENT OF THE CONTRACT**

**a. Who monitors the operator's performance?**

**Independent technical auditor would monitor on behalf of NMC**

**b. Who enforces the terms of the contract?**

**NMC**

**c. Who monitors the government counterpart to the contract?**

**NMC**

**d. Who enforces the government's performance obligations?**

**State Government – Government of Maharashtra**

**e. Who resolves disputes?**

**Dispute resolution mechanism through**

**(a) Amicable settlement**

**(b) Adjudication**

**(c) Arbitration as per Indian Arbitration Act**

**f. Who adjusts tariffs?**

**Upto 10% increase by Commissioner and above 10% is by the General Body**

**g. Who adjusts service standards?**

**Municipal Commissioner in line with the national standards**

### **3.4 TYPE OF CONTRACT, INCENTIVES, AND RESPONSIBILITIES**

Based upon the preceding analyses, you will now work with your coaches to decide upon the most appropriate contracting strategy.

**a. Type and duration of contract (management/lease/affermage/concession):**

**b. Types of incentives (tied to specific targets identified in Section 3.2 and to overall performance of contractor). See the following two pages for examples of incentive fees for management contracts and penalties for lease contracts:**

To what extent will bonus fees or penalties be tied to individual performance targets, and to what extent will they be tied to overall financial performance of the utility?

How much of the net financial gain from good performance of the contractor are you willing to relinquish to the contractor?

Are staff motivated by non-financial incentives (such as recognition)?

What are the priority performance areas that must be central to incentive design?

How do we incentivize risk-taking?

Who must earn incentives and to what extent?

**c. Allocation of responsibilities in contract implementation:**

Operation and maintenance:

Capex (major capital works and capital maintenance):

Commercial functions:

Disconnection:

Theft and corruption:

Subsidies:

Public capital funding:

**EXAMPLE OF INCENTIVES IN MANGEMENT  
CONTRACT  
(Uganda National Water and Sewerage  
Corporation – Jinja Area)**

## SIXTH SCHEDULE – JINJA AREA

### COMPUTATION OF THE MANAGEMENT FEE AND INVOICE FORMAT

The monthly Management Fee payable to the Operator shall be the sum of the Base Fee, the Performance Fee and Incentive Fee due for a given month; and will be computed on the following basis:

Sno	Component	Computation Formula	Remarks
1	Base Fee <sup>1</sup>	$F_C + 0.75(C_C)$	Where: $F_C$ = Non-controllable (fixed) costs $C_C$ = Controllable costs
2	Performance Fee <sup>2</sup>	$0.25(C_C) * [P/N]$	Where: P = The weighted number of service standards that have been achieved for the given month  N = 100 = The total weighted number of service standards to be achieved
3	Incentive Fee <sup>3</sup>	$X\% * [K + (OM_E - OM_O)] * [0.3WR_{pa} + 0.3UFW_{pa} + 0.2CE_{pa} + 0.2CP_{pa}]$ <p>The formula is applicable only if:  <math>OM_E &gt; OM_O</math></p>	Where: K = A constant representing the level of incentive equity/subsidy extended to non-break even and/or "small" Areas $OM_O$ = Minimum cash operating margin based on the agreed OPEX (Base Fee + Performance Fee) and the set Minimum Standard for collections. $OM_E$ = The achieved cash operating margin during the month being evaluated X% = The agreed %age of the improvement in OM to be retained by the Operator as bonus. $WR_{pa}$ = Percentage incremental achievement in the improvement of the <b>Working Ratio</b> $UFW_{pa}$ = Percentage incremental achievement in the reduction of <b>Unaccounted for water</b> $CE_{pa}$ = Percentage incremental achievement in the increase in <b>Connection Efficiency</b> $CP_{pa}$ = Percentage incremental achievement in the reduction in the <b>Collection Period</b>

# EXAMPLE OF PENALTIES IN AFFERMAGE CONTRACT (India – Latur Water Supply Scheme)

## SCHEDULE H

### SCHEDULE H– SERVICE LEVELS

#### A) Minimum service level:

- 1) It is the responsibility of the contractor to ensure and maintain the distribution system in such a way that, the consumer can draw water on an average at 100 LPCD with minimum @ 80 LPCD in supply hours. If there are public complains to MJP, MJP is free to measure the quantity of water supply at any remote connection. In such measuring, if it is found that some of the connections are getting less than required quantity of water, during supply hours, then if asked it is mandatory to the contractor to investigate the reasons and rectify them in such a fashion that consumers can get required quantity of water. The required repairing / rectification should be completed within 3 days of complaint at his cost. The required extension of existing pipeline upto 1 km. per year shall be the responsibility of the contractor. The required pipes will be supplied by the department free of cost. The cost of jointing material and labour charges shall be borne by the contractor.
- 2) The Executive Engineer-at his discretion or in response to complaints of short supply of water from Consumers in a particular area or zone shall assess the quantity of water supplied to the area or zone served by an ESR in accordance with the following:

The Executive Engineer shall assess the quantity of water supplied to the zone for a continuous period of 7 (seven) days. The quantity of water supplied to the zone shall be considered based on the daily meter readings on the outlet points of the ESR. The Average Daily Quantity shall be compared with the Benchmark Quantity assessed as under:

$$\text{Benchmark Quantity} = \frac{\text{Required Quantity}}{(1 - \text{Distribution Loss}\%)} + \text{Bulk quantity}$$

Where:

Required quantity (liters) = Number of households x 7 x 100

Distribution loss = Distribution loss for the ESR covering the area/ zone under evaluation calculated in accordance with Clause 11.3 for the pervious month

Bulk quantity =  $\frac{\text{Actual consumption for the pervious month}}{\text{Number of days in the month}}$

In the event of Average Daily Quantity being between 70 to 80 % of the Benchmark Quantity then a penalty of Rs. 500/- ( Five Hundred) per day shall be levied.

In the event of Average Daily Quantity supplied is between 50 to 70% of the Benchmark Quantity then a penalty of Rs. 1000/- ( One thousand ) per day shall be levied.



## **SUMMARY OF COUNTRY TEAM PRODUCTS FROM DESIGN SESSION 3**

1. Key performance targets and associated investment needs and funding
2. Provisions for tariff and contract adjustments
3. Allocation of risks among contracting parties
4. Assignment of contract management and implementation responsibilities
5. Incentive structure



## **Design Session 4: Basis for Tendering and Award**

During this session you will determine the key criterion upon which bidders will be evaluated and selected.

### **4.1 ELIGIBLE FIRMS**

Do you want national firms to be favored?

**NO**

Do you want to encourage joint ventures between international and local firms?

**YES**

What experience in water and sanitation must bidders have?

**The bidder should have a minimum experience of 5 years in successfully managing water services in a city with at least 50000 connections. OR**

**The bidder should have constructed a water distribution system of at least 250km in two cities in the past 5 years**

What financial capacity must be demonstrated by bidders?

**The eligible bidder should have a minimum annual financial turnover of Rs. 500m from similar nature of business**

**The eligible bidder shall have a minimum networth of Rs.250m in the past 5 years.**

## 4.2 BASIS FOR SELECTING THE CONTRACTOR

**What will be the relative weights of evaluation factors?**

Cost/price:

Proposed technical approach:

Experience of contractor:

Commitment to performance targets:

Other:

**The bidders would be first prequalified based on the qualifying criteria and then the final selection is based on total commercial offers**

## **4.3 EVALUATION OF TENDERS**

### **a. Who will be on the evaluation panel?**

**Tender committee appointed by Nagpur  
Municipal Corporation**

### **b. Evaluation procedure (prequalification or two-step process?):**

**Expression of Interest for prequalification followed by  
commercial offers by prequalified agencies.**

## **SUMMARY OF COUNTRY TEAM PRODUCTS FROM DESIGN SESSION 4**

1. Determination of eligibility of bidders

**The bidder should have a minimum experience of 5 years in successfully managing water services in a city with at least 50000 connections. OR**

**The bidder should have constructed a water distribution system of at least 250km in two cities in the past 5 years**

**The eligible bidder should have a minimum annual financial turnover of Rs. 500m from similar nature of business**

**The eligible bidder shall have a minimum networth of Rs.250m in the past 5 years.**

2. Basis for contractor selection

**The bidders would be first pre-qualified based on the qualifying criteria and then the final selection is based on total commercial offers**

3. Process for evaluation of tenders

**Tender committee appointed by Nagpur Municipal Corporation**

**Expression of Interest for prequalification followed by commercial offers by pre-qualified agencies.**